

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

*The following is the text of a report set out on pages I-4 to I-58, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.*



**ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEFEI KUXIN MICROELECTRONICS CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

**Introduction**

We report on the historical financial information of Hefei Kuxin Microelectronics Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-58, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023 and 2024 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-58 forms an integral part of this report, which has been prepared for inclusion in the [REDACTED] of the Company dated [●] (the “[REDACTED]”) in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors’ responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants’ responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that

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gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

### Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the nine months ended 30 September 2024 and 2025 and other explanatory information (the "**Interim Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

*Dividends*

We refer to Note 24(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

**[Date]**

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**HISTORICAL FINANCIAL INFORMATION**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Revenue</b>	4	105,081	448,697	343,349	341,297
Cost of sales		<u>(93,363)</u>	<u>(304,266)</u>	<u>(235,717)</u>	<u>(190,189)</u>
Gross profit		11,718	144,431	107,632	151,108
Other net income	5	5,234	5,180	1,027	4,020
Selling and marketing costs		(29,172)	(29,662)	(18,686)	(20,657)
Administrative expenses		(73,613)	(67,551)	(52,388)	(21,634)
Research and development costs		<u>(136,546)</u>	<u>(139,884)</u>	<u>(82,652)</u>	<u>(62,012)</u>
<b>(Loss)/profit from operations</b>		<u>(222,379)</u>	<u>(87,486)</u>	<u>(45,067)</u>	<u>50,825</u>
Changes in the carrying amount of redemption liabilities	22	(85,553)	(127,634)	(110,563)	(51,085)
Other finance costs		<u>(341)</u>	<u>(1,129)</u>	<u>(596)</u>	<u>(2,000)</u>
Finance costs	6(a)	<u>(85,894)</u>	<u>(128,763)</u>	<u>(111,159)</u>	<u>(53,085)</u>
Loss before taxation	6	(308,273)	(216,249)	(156,226)	(2,260)
Income tax	7(a)	<u>—</u>	<u>(32)</u>	<u>—</u>	<u>(17)</u>
<b>Loss for the year/period</b>		<u><u>(308,273)</u></u>	<u><u>(216,281)</u></u>	<u><u>(156,226)</u></u>	<u><u>(2,277)</u></u>
<b>Loss per share</b>					
Basic and Diluted (RMB)	10	<u><u>(11.40)</u></u>	<u><u>(7.96)</u></u>	<u><u>(5.75)</u></u>	<u><u>(0.08)</u></u>

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	Year ended 31 December		Nine months ended 30 September		
	Note	2023 RMB'000	2024 RMB'000	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
<b>Loss for the year/period</b>		<u>(308,273)</u>	<u>(216,281)</u>	<u>(156,226)</u>	<u>(2,277)</u>
<b>Other comprehensive income for the year/period</b>					
Item that is or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of:					
— financial statements of an overseas subsidiary		<u>7</u>	<u>29</u>	<u>(1)</u>	<u>(47)</u>
<b>Total comprehensive income for the year/period</b>		<u><u>(308,266)</u></u>	<u><u>(216,252)</u></u>	<u><u>(156,227)</u></u>	<u><u>(2,324)</u></u>

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>At 31 December</b>		<b>At</b>
	<i>Note</i>	<b>2023</b>	<b>2024</b>	<b>30 September</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<b>2025</b>
				<i>RMB'000</i>
				(Unaudited)
<b>Non-current assets</b>				
Property, plant and equipment	<i>11</i>	39,993	52,586	46,729
Right-of-use assets	<i>12</i>	4,994	11,504	9,826
Intangible assets	<i>13</i>	31,388	37,564	30,077
Other non-current assets	<i>14</i>	<u>2,631</u>	<u>1,969</u>	<u>2,027</u>
		<u>79,006</u>	<u>103,623</u>	<u>88,659</u>
<b>Current assets</b>				
Inventories	<i>16</i>	51,622	69,745	109,364
Trade and other receivables	<i>17</i>	55,060	62,224	114,348
Cash and cash equivalents	<i>18(a)</i>	<u>93,255</u>	<u>149,120</u>	<u>101,837</u>
		<u>199,937</u>	<u>281,089</u>	<u>325,549</u>
<b>Current liabilities</b>				
Trade and other payables	<i>19</i>	65,437	114,693	88,159
Loans and borrowings	<i>20</i>	—	59,727	70,052
Lease liabilities	<i>21</i>	5,398	4,064	4,664
Redemption liabilities	<i>22</i>	<u>1,387,473</u>	<u>1,515,107</u>	<u>1,566,192</u>
		<u>1,458,308</u>	<u>1,693,591</u>	<u>1,729,067</u>
<b>Net current liabilities</b>		<u>(1,258,371)</u>	<u>(1,412,502)</u>	<u>(1,403,518)</u>
<b>Total assets less current liabilities</b>		<u>(1,179,365)</u>	<u>(1,308,879)</u>	<u>(1,314,859)</u>
<b>Non-current liabilities</b>				
Lease liabilities	<i>21</i>	<u>—</u>	<u>7,243</u>	<u>5,434</u>
<b>NET LIABILITIES</b>		<u>(1,179,365)</u>	<u>(1,316,122)</u>	<u>(1,320,293)</u>
<b>Capital and reserves</b>				
Paid-in capital	<i>24(c)</i>	27,182	27,182	27,182
Reserves	<i>24(d)</i>	<u>(1,206,547)</u>	<u>(1,343,304)</u>	<u>(1,347,475)</u>
<b>TOTAL DEFICIT</b>		<u>(1,179,365)</u>	<u>(1,316,122)</u>	<u>(1,320,293)</u>

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**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

		<b>At</b>	
		<b>30 September</b>	
	<b>Note</b>	<b>At 31 December</b>	<b>2025</b>
		<b>2023</b>	<b>2024</b>
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		39,993	52,579
Right-of-use assets		4,814	10,607
Intangible assets		31,388	37,564
Investments in subsidiaries	15	11,072	11,072
Other non-current assets		<u>2,631</u>	<u>1,838</u>
		<u>89,898</u>	<u>113,660</u>
<b>Current assets</b>			
Inventories		49,220	65,003
Trade and other receivables	17	192,239	119,384
Cash and cash equivalents	18(a)	<u>87,672</u>	<u>134,718</u>
		<u>329,131</u>	<u>319,105</u>
<b>Current liabilities</b>			
Trade and other payables	19	150,295	119,736
Loans and borrowings	20	—	30,033
Lease liabilities		5,205	3,749
Redemption liabilities	22	<u>1,387,473</u>	<u>1,515,107</u>
		<u>1,542,973</u>	<u>1,668,625</u>
<b>Net current liabilities</b>		<u>(1,213,842)</u>	<u>(1,349,520)</u>
<b>Total assets less current liabilities</b>		<u>(1,123,944)</u>	<u>(1,235,860)</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>—</u>	<u>6,675</u>
<b>NET LIABILITIES</b>		<u>(1,123,944)</u>	<u>(1,242,535)</u>
<b>Capital and reserves</b>			
Paid-in capital	24(c)	27,182	27,182
Reserves	24(d)	<u>(1,151,126)</u>	<u>(1,269,717)</u>
<b>TOTAL DEFICIT</b>		<u>(1,123,944)</u>	<u>(1,242,535)</u>

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

				PRC		
	Paid-in	Capital	Exchange	statutory	Accumulated	Total
	capital	reserve	reserve	reserves	losses	deficit
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 24(c))	(Note 24(d))	(Note 24(d))	(Note 24(d))		
<b>Balance at 1 January 2023</b>	25,932	27,904	(3)	3,923	(966,809)	(909,053)
Loss for the year	—	—	—	—	(308,273)	(308,273)
Other comprehensive income	—	—	7	—	—	7
Total comprehensive income for the year	—	—	7	—	(308,273)	(308,266)
Capital injections from investors	1,250	133,750	—	—	—	135,000
Grant of redemption rights upon issuance of registered capital	22	(135,000)	—	—	—	(135,000)
Equity-settled share-based transactions	23	37,954	—	—	—	37,954
<b>Balance at 31 December 2023 and 1 January 2024</b>	27,182	64,608	4	3,923	(1,275,082)	(1,179,365)
Loss for the year	—	—	—	—	(216,281)	(216,281)
Other comprehensive income	—	—	29	—	—	29
Total comprehensive income for the year	—	—	29	—	(216,281)	(216,252)
Equity-settled share-based transactions	23	79,495	—	—	—	79,495
<b>Balance at 31 December 2024</b>	27,182	144,103	33	3,923	(1,491,363)	(1,316,122)

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				PRC		
	Paid-in	Capital	Exchange	statutory	Accumulated	Total
	capital	reserve	reserve	reserves	losses	deficit
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 24(c))	(Note 24(d))	(Note 24(d))	(Note 24(d))		
<b>Unaudited:</b>						
<b>Balance at 1 January 2024</b>	27,182	64,608	4	3,923	(1,275,082)	(1,179,365)
Loss for the period	—	—	—	—	(156,226)	(156,226)
Other comprehensive income	—	—	(1)	—	—	(1)
Total comprehensive income for the period	—	—	(1)	—	(156,226)	(156,227)
Equity-settled share-based transactions	23	36,371	—	—	—	36,371
<b>Balance at 30 September 2024 (unaudited)</b>	<u>27,182</u>	<u>100,979</u>	<u>3</u>	<u>3,923</u>	<u>(1,431,308)</u>	<u>(1,299,221)</u>
<b>Unaudited:</b>						
<b>Balance at 1 January 2025</b>	27,182	144,103	33	3,923	(1,491,363)	(1,316,122)
Loss for the period	—	—	—	—	(2,277)	(2,277)
Other comprehensive income	—	—	(47)	—	—	(47)
Total comprehensive income for the period	—	—	(47)	—	(2,277)	(2,324)
Equity-settled share-based transactions	23	(1,847)	—	—	—	(1,847)
<b>Balance at 30 September 2025 (unaudited)</b>	<u>27,182</u>	<u>142,256</u>	<u>(14)</u>	<u>3,923</u>	<u>(1,493,640)</u>	<u>(1,320,293)</u>

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<i>Note</i>	Year ended 31 December		Nine months ended 30 September	
		2023 <i>RMB’000</i>	2024 <i>RMB’000</i>	2024 <i>RMB’000</i> (unaudited)	2025 <i>RMB’000</i> (unaudited)
<b>Operating activities:</b>					
Cash (used in)/generated from operations	18(b)	(142,461)	45,453	3,691	(40,457)
Income tax paid		—	—	—	—
<b>Net cash (used in)/generated from operating activities</b>		<u>(142,461)</u>	<u>45,453</u>	<u>3,691</u>	<u>(40,457)</u>
<b>Investing activities:</b>					
Payments for the purchase of property, plant and equipment		(26,112)	(31,240)	(24,059)	(9,648)
Payments for the purchase of intangible assets		(19,732)	(10,457)	(2,001)	(2,786)
Payment for purchase of financial assets measured at fair value through profit or loss (“FVPL”)	25(e)	(700,000)	(10,000)	(10,000)	—
Proceeds from disposal of property, plant and equipment		25	—	—	1
Proceeds from disposal of financial assets measured at FVPL	25(e)	<u>702,714</u>	<u>10,038</u>	<u>10,038</u>	<u>—</u>
<b>Net cash used in investing activities</b>		<u>(43,105)</u>	<u>(41,659)</u>	<u>(26,022)</u>	<u>(12,433)</u>
<b>Financing activities:</b>					
Proceeds from loans and borrowings	18(c)	—	82,663	62,663	80,000
Repayment of loans and borrowings	18(c)	—	(23,000)	(23,000)	(69,663)
Interest of loans and borrowings paid	18(c)	—	(853)	(490)	(1,650)
Capital element of lease rentals paid	18(c)	(6,279)	(6,628)	(5,293)	(2,791)
Interest element of lease rentals paid	18(c)	<u>(341)</u>	<u>(212)</u>	<u>(73)</u>	<u>(362)</u>
<b>Net cash (used in)/generated from financing activities</b>		<u>(6,620)</u>	<u>51,970</u>	<u>33,807</u>	<u>5,534</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(192,186)	55,764	11,476	(47,356)
Effect of foreign exchange rate changes		7	101	13	73
<b>Cash and cash equivalents at beginning of the year/period</b>	18(a)	<u>285,434</u>	<u>93,255</u>	<u>93,255</u>	<u>149,120</u>
<b>Cash and cash equivalents at end of the year/period</b>	18(a)	<u>93,255</u>	<u>149,120</u>	<u>104,744</u>	<u>101,837</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Hefei Kuxin Microelectronics Co., Ltd.\* (the “Company”) (合肥酷芯微電子股份有限公司), formerly known as Shanghai Kuxin Microelectronics Co., Ltd.\* (上海酷芯微電子有限公司) was established in the People’s Republic of China (the “PRC”) in July 2011 as a limited liability company under the laws of the PRC and was converted into a joint stock limited liability company in December 2025.

The Company and its subsidiaries (together, “the Group”) are principally engaged in design, research and development and sales of System-on-a-Chip (“SoC”) products.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “PRC GAAP”) and audited by Shanghai Zhongchuang Haijia Certified Public Accountants\* (上海中創海佳會計師事務所).

As the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor
			Directly held by the Company	Indirectly held by the Company		
Kuxin Microelectronics (Hongkong) Limited	Hong Kong/ 21/09/2017	USD50,000/USD10,000	100.00%	—	Sales of chip products	2023 and 2024: ALAN P.Y. Cheung & Co. *張秉佑會計師事務所
Nanjing Kuxin Microelectronics Co., Ltd.* 南京酷芯微電子有限公司(i)	the PRC/ 22/08/2022	RMB1,000,000/ Nil	100.00%	—	No substantial business activities	N/A
Shanghai Kuxin Intelligent Technology Co., Ltd. *上海酷芯智能科技 有限公司(i)	the PRC/ 06/09/2019	RMB1,000,000/ RMB1,000,000	100.00%	—	Research and development and sales of chip products	N/A
Shanghai Kuxin Semiconductor Co., Ltd. *上海酷芯半導體有限公司	the PRC/ 20/09/2022	RMB10,000,000/ RMB10,000,000	100.00%	—	Research and development and sales of chip products	2023 and 2024: Shanghai Haoxin Certified Public Accountants *上海昊鑫會計師事務所
Chengdu Kuxin Microelectronics Co., Ltd. *成都酷芯微電子 有限公司(i)	the PRC/ 29/12/2023	RMB1,000,000/ Nil	100.00%	—	No substantial business activities	N/A

Note:

(i) No audited financial statements for the years ended 31 December 2023 and 2024 have been prepared.

\* The English translation of all above companies is for reference only. The official names of the companies established in the PRC are in Chinese.

All companies comprising the Group have adopted 31 December as their financial year end date.

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The Historical Financial Information and Interim Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net current liabilities of RMB1,403,518,000 as at 30 September 2025, which is primarily caused by the redemption liabilities totalling RMB1,566,192,000 as at 30 September 2025, which were classified as current financial liabilities (see Note 22). The related redemption options have been conditionally terminated before the submission of [REDACTED] to the Hong Kong Stock Exchange ("HKSE"). Upon the qualified [REDACTED] of the Company's shares on the HKSE, the related redemption options would be unconditionally terminated and the redemption liabilities would be converted into equity. Taking the above into consideration, and together with the Group's cash flow forecast for the next twelve months from the date of this report, the directors of the Company are of the opinion that the Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from the date of this report. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the material accounting policy information are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period and the period covered by the Interim Financial Information, except for any new standards or interpretations that are not yet effective for Track Record Period and the period covered by the Interim Financial Information. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period and the period covered by the Interim Financial Information are set out in Note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Interim Financial Information are presented Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

### 2 MATERIAL ACCOUNTING POLICY INFORMATION

#### (a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except the financial assets and liabilities measured at FVPL, the financial assets measured at FVOCI are stated at their fair values as explained in Note 2(d).

#### (b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

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### (c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(m), 2(n) or 2(o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

### (d) Other investments in securities

The group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 25(e). These investments are subsequently accounted for as follows, depending on their classification.

#### (i) *Non-equity investments*

Non-equity investments are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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- Fair value through other comprehensive income ("FVOCI") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- Fair value through profit or loss ("FVPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

### (ii) *Equity investments*

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

### (e) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period and the period covered by the Interim Financial Information are as follows:

— Equipment and machinery	3–4 years
— Office equipment and furniture	3–5 years
— Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see Note 2(h)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

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### (f) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other Intangible assets, including software, intellectual properties and patents, that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(h)(ii)).

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period and the period covered by the Interim Financial Information are as follows:

Software	3–10 years
Intellectual properties	4–7 years
Patents	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### (g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

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Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**(h) Credit losses and impairment of assets**

**(i) Credit losses from financial instruments**

The Group recognises a loss allowance for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost (including cash and cash equivalents, time deposits and trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

### *Significant increases in credit risk*

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

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### *Write-off policy*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### **(ii) Impairment of other non-current assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(i) Inventories and other contract costs**

#### **(i) Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **(ii) Other contract costs**

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory, property, plant and equipment (see Note 2(e)) or intangible assets (see Note 2(f)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

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Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered.

Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(s)(i)).

### **(j) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

### **(k) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(h)(i)).

### **(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(h)(i)).

### **(m) Trade and other payables**

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

### **(n) Redemption liabilities**

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) that the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liabilities is reclassified to equity upon a termination of the counterparty's redemption right.

### **(o) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

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### (p) Employee benefits

#### (i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

#### (ii) *Share-based payments*

The difference between the subscription price and the fair value of the awarded shares granted to employees is recognised as an employee cost with a corresponding increase in share-based payments reserve within equity. The fair value of the share awards is the difference between the subscription price paid by the employees and the fair value of the ordinary shares at grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share awards, the total difference between the subscription price and the fair value of the ordinary shares is spread over the vesting period, taking into account the probability that the share awards will be vested.

#### (iii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for a restructuring.

### (q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- taxable temporary differences arising on the initial recognition of goodwill; and
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### (r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) *Revenue from contracts with customers*

The Group principally generates revenue from sales of SoC products. The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determine whether the Group acts as principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue from sales of the Group's products is recognised when the customer takes possession of and accepts the products. Revenue of services is recognised when the customer accepts the service results.

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### (ii) *Interest income*

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### (iii) *Government grants*

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised as income in the profit or loss on a straight-line basis over the useful life of the related asset.

### (t) *Translation of foreign currencies*

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

### (u) *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

### (v) *Related parties*

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### **(w) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## **3 ACCOUNTING JUDGEMENTS AND ESTIMATES**

### **(a) Source of estimation uncertainty**

The significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

#### **(i) *Net realisable value of inventories***

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

#### **(ii) *Useful life of intangible assets and property, plant and equipment***

Intangible assets are amortised and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the respective assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the reporting period. The useful lives are based on the industry experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

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**4 REVENUE AND SEGMENT REPORTING**

**(a) Revenue**

*(i) Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by major business line is set out below:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>				
Disaggregated by major business line				
SoC products	100,408	434,898	333,269	312,708
Technology services	4,673	13,799	10,080	28,589
	<u>105,081</u>	<u>448,697</u>	<u>343,349</u>	<u>341,297</u>

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Point-in-time	<u>105,081</u>	<u>448,697</u>	<u>343,349</u>	<u>341,297</u>

*(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.*

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for products that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

**(b) Segment reporting**

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of chip products during the Track Record Period and the period covered by the Interim Financial Information.

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(i) *Geographic information*

The following table sets out information about the geographical location of the Group’s revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in Chinese Mainland. The geographical location of customers is based on the location at which the products were sold.

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Chinese Mainland	105,081	431,190	339,828	310,094
Overseas	—	17,507	3,521	31,203
	<u>105,081</u>	<u>448,697</u>	<u>343,349</u>	<u>341,297</u>

(ii) *Information about major customers*

Revenue from each major customer which accounted for 10% or more of the Group’s revenue during the Track Record Period and the period covered by the Interim Financial Information is set out below:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Customer A	53,465	131,026	115,514	85,575
Customer B	N/A*	106,798	106,308	N/A*
Customer C	N/A*	48,433	42,477	N/A*

\* Less than 10% of the Group’s revenue in the respective period.

**5 OTHER NET INCOME**

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Interest income	2,431	446	357	427
Net gain/(loss) on disposal of property, plant and equipment	7	—	—	(2)
Government grants (Note)	285	4,351	477	3,516
Net foreign exchange (loss)/gain	(33)	191	37	82
Net gain from financial assets measured at FVPL	2,714	38	38	—
Others	<u>(170)</u>	<u>154</u>	<u>118</u>	<u>(3)</u>
	<u>5,234</u>	<u>5,180</u>	<u>1,027</u>	<u>4,020</u>

Note: Government grants represent various unconditional subsidies granted to the Group by the local government authorities.

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**6 LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

**(a) Finance costs:**

	Note	Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	(Unaudited)
Changes in the carrying amount of redemption liabilities	22	85,553	127,634	110,563	51,085
Interest on					
— loans and borrowings	18(c)	—	917	523	1,638
— lease liabilities	18(c)	341	212	73	362
Total finance costs		<u>85,894</u>	<u>128,763</u>	<u>111,159</u>	<u>53,085</u>

**(b) Staff costs:**

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Salaries, wages and other benefits	142,054	124,538	93,225	87,227
Contributions to defined contribution retirement plans (i)	11,511	11,042	8,200	7,512
Equity-settled share-based payment expenses	<u>37,954</u>	<u>79,495</u>	<u>36,371</u>	<u>(1,847)</u>
	<u>191,519</u>	<u>215,075</u>	<u>137,796</u>	<u>92,892</u>

*(i) Defined contribution retirement plans*

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

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(c) **Other items:**

	Note	Year ended 31 December		Nine months ended 30 September	
		2023 RMB'000	2024 RMB'000	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of inventories sold	16(b)	93,024	302,234	234,399	189,026
Depreciation:					
— owned property, plant and equipment	11	18,443	18,001	12,935	15,296
— right-of-use assets	12	5,909	6,053	4,747	3,260
Research and development expenses (i)		136,546	139,884	82,652	62,012
Amortisation of intangible assets	13	7,146	9,172	6,765	7,959
(Reversal)/provision of Impairment loss on trade receivables		(1,714)	(1,053)	(426)	124
Auditors' remuneration		18	18	14	14

- (i) During the years ended 31 December 2023, 2024 and the nine months ended 30 September 2024 and 2025, research and development expenses include staff costs of RMB102,138,000, RMB115,866,000, RMB64,595,000 (unaudited) and RMB50,946,000 (unaudited), respectively, which amounts are also included in the respective total amounts disclosed separately above.

**7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(a) **Taxation in the consolidated statements of profit or loss and other comprehensive income represents:**

	Year ended 31 December		Nine months ended 30 September	
	2023 RMB'000	2024 RMB'000	2024 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
<b>Current tax:</b>				
Provision for income tax for the year	—	32	—	17
<b>Deferred tax:</b>				
Origination and reversal of temporary differences	—	—	—	—
	<u>—</u>	<u>32</u>	<u>—</u>	<u>17</u>

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**(b) Reconciliation between tax expense and accounting loss at applicable tax rates:**

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Loss before taxation	<u>(308,273)</u>	<u>(216,249)</u>	<u>(156,226)</u>	<u>(2,260)</u>
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned (i)	(77,104)	(54,118)	(39,065)	(605)
Effect of preferential tax rate (ii)	28,904	20,734	15,018	68
Effect of additional deduction on research and development expenses (iii)	(16,879)	(16,999)	(10,574)	(8,517)
Tax effect of non-deductible expenses	18,576	31,107	22,070	7,775
Effect of deferred tax assets in respect of tax losses and temporary differences not recognised	46,503	19,308	12,551	5,833
Utilisation of tax losses for which no deferred tax asset was recognised in previous periods	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,537)</u>
Actual tax expense	<u>—</u>	<u>32</u>	<u>—</u>	<u>17</u>

- (i) Pursuant to the Enterprise Income Tax (the “EIT”) Law of the PRC (the “EIT Law”), the Company and its subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No.3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to the Company’s subsidiary Kuxin Microelectronics (Hongkong) Limited, incorporated in Hong Kong. Under the two-tiered Profits tax rates regime, the first HK\$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%.

- (ii) According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company obtained the certificate of high-technology enterprise on 14 December 2022 and renewed on 8 December 2025 and is subject to income tax rate at 15% during the Track Record Period and the period covered by the Interim Financial Information. The Company’s subsidiary, Shanghai Kuxin Semiconductor Co., Ltd. obtained the certificate of high-technology enterprise on 26 December 2024 and is subject to income tax rate at 15% from 1 January 2024 to 31 December 2026.
- (iii) Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period and the period covered by the Interim Financial Information.

**(c) Deferred tax assets not recognised:**

In accordance with the accounting policy set out in Note 2(q), as at 31 December 2023, 2024 and the nine months ended 30 September 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB912,837,000, RMB1,020,071,000 and RMB1,019,094,000 (unaudited) and temporary differences of RMB32,601,000, RMB47,945,000 and RMB56,368,000 (unaudited) respectively as they have been loss-making for years and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised. The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

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**8 DIRECTORS’ AND SUPERVISOR’S EMOLUMENTS**

Directors’ and supervisor’s emoluments disclosed as follows:

**Year ended 31 December 2023**

	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	Sub-Total RMB’000	Equity-settled share-based payments (i) RMB’000	Total RMB’000
<b>Executive directors</b>							
Yao Haiping (姚海平)	—	1,057	445	68	1,570	—	1,570
Zhong Qi (鍾琪)	—	1,304	143	68	1,515	—	1,515
Xu Wei (許維)	—	1,179	85	68	1,332	30,687	32,019
Li Zheng (李錚)	—	1,202	171	68	1,441	—	1,441
Shen Sha (沈沙)	—	1,118	117	68	1,303	25	1,328
Jiang Feng (江峰)	—	1,065	86	68	1,219	310	1,529
<b>Non-executive directors</b>							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Gao Bingqiang (高秉強) (a)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰) (b)	—	—	—	—	—	—	—
<b>Supervisor</b>							
Ye Qing (葉青)	—	437	29	54	520	49	569
	—	7,362	1,076	462	8,900	31,071	39,971

**Year ended 31 December 2024**

	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	Sub-Total RMB’000	Equity-settled share-based payments (i) RMB’000	Total RMB’000
<b>Executive directors</b>							
Yao Haiping (姚海平)	—	1,261	100	71	1,432	—	1,432
Zhong Qi (鍾琪)	—	1,300	100	71	1,471	—	1,471
Xu Wei (許維)	—	1,176	90	71	1,337	30,073	31,410
Li Zheng (李錚)	—	1,314	92	71	1,477	—	1,477
Shen Sha (沈沙)	—	1,119	85	71	1,275	171	1,446
Jiang Feng (江峰) (c)	—	579	52	53	684	2,178	2,862
Liu Hongming (劉洪明) (d)	—	435	29	24	488	1,074	1,562
<b>Non-executive directors</b>							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
<b>Supervisor</b>							
Ye Qing (葉青)	—	439	30	58	527	951	1,478
	—	7,623	578	490	8,691	34,447	43,138

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**Nine months ended 30 September 2024 (unaudited)**

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Equity-settled share-based payments (i) RMB'000	Total RMB'000
<b>Executive directors</b>							
Yao Haiping (姚海平)	—	940	71	53	1,064	—	1,064
Zhong Qi (鍾琪)	—	982	70	53	1,105	—	1,105
Xu Wei (許維)	—	886	64	53	1,003	30,073	31,076
Li Zheng (李錚)	—	1,014	69	53	1,136	—	1,136
Shen Sha (沈沙)	—	840	63	53	956	18	974
Jiang Feng (江峰) (c)	—	579	52	53	684	232	916
Liu Hongming (劉洪明) (d)	—	95	7	6	108	115	223
<b>Non-executive directors</b>							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
<b>Supervisor</b>							
Ye Qing (葉青)	—	329	22	43	394	651	1,045
	—	5,665	418	367	6,450	31,089	37,539

**Nine months ended 30 September 2025 (unaudited)**

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Equity-settled share-based payments (i) RMB'000	Total RMB'000
<b>Executive directors</b>							
Yao Haiping (姚海平)	—	984	75	53	1,112	—	1,112
Zhong Qi (鍾琪)	—	973	75	53	1,101	—	1,101
Xu Wei (許維)	—	884	68	53	1,005	—	1,005
Li Zheng (李錚) (f)	—	903	69	53	1,025	—	1,025
Shen Sha (沈沙)	—	839	64	53	956	—	956
Liu Hongming (劉洪明)	—	859	65	53	977	—	977
<b>Non-executive directors</b>							
Robert Yung (容志誠)	—	—	—	—	—	—	—
Wei Yiman (魏伊曼)	—	—	—	—	—	—	—
Li Wenkui (李文魁)	—	—	—	—	—	—	—
Yin Yue (殷越) (g)	—	—	—	—	—	—	—
Yang Yunfeng (楊運峰)	—	—	—	—	—	—	—
<b>Supervisors</b>							
Ye Qing (葉青) (e)	—	334	23	47	404	—	404
	—	5,776	439	365	6,580	—	6,580

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Notes:

- (a) Gao Bingqiang (高秉強) was resigned in February 2023.
- (b) Yang Yunfeng (楊運峰) was appointed as non-executive director in February 2023.
- (c) Jiang Feng (江峰) was resigned in September 2024.
- (d) Liu Hongming (劉洪明) was appointed as executive director of the Company in September 2024.
- (e) Ye Qing (葉青) was resigned in December 2025.
- (f) Li Zheng (李錚) was resigned in January 2026.
- (g) Yin Yue (殷越) was resigned in January 2026.
- (h) Shen Bo (沈泊) was appointed as executive director in January 2026; Zhang Wenqian (張雯茜) and Zhang Zhibin (張志斌) were appointed as non-executive directors in January 2026; Chu Pak Fei Tiffany (朱柏霏), Liu Sai Keung Thomas (廖世強), and Zeng Xiaoyang (曾曉洋) were appointed as independent non-executive directors in January 2026.
- (i) These represent the estimated value of share-based payment granted to the directors and supervisor under the Company’s share-based payment scheme as set out in Note 23. The value of these share-based payment is measured according to the Group’s accounting policies for share-based payment transactions as set out in Note 2(p)(ii).

During the Track Record Period and the period covered by the Interim Financial Information, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors, supervisor and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

**9 INDIVIDUALS WITH HIGHEST EMOLUMENTS**

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2023 and 2024 and nine months ended 30 September 2024 and 2025, three, two, three (unaudited) and three (unaudited) individuals’ emoluments are disclosed in Note 8 and the emoluments in respect of the remaining two, three, two (unaudited) and two (unaudited) individuals during the Track Record Period and the period covered by the Interim Financial Information are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Salaries, allowance and benefits in kind	2,596	3,334	1,843	1,946
Discretionary bonuses	256	237	121	150
Retirement scheme contributions	138	212	106	107
Equity-settled share-based payments	448	6,110	497	—
	<u>3,438</u>	<u>9,893</u>	<u>2,567</u>	<u>2,203</u>

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The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i> (Unaudited)	<i>Number of individuals</i> (Unaudited)
HK\$				
1,000,001–1,500,000	—	—	1	2
1,500,001–2,000,000	2	—	1	—
2,000,001–3,000,000	—	1	—	—
3,000,001–3,500,000	—	1	—	—
3,500,001–5,000,000	—	1	—	—

During the Track Record Period and the period covered by the Interim Financial Information, no amounts were paid or payable by the Group to the above non-director/supervisor highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

**10 LOSS PER SHARE**

**(a) Basic loss per share**

The calculation of basic loss per share during the Track Record Period and the period covered by the Interim Financial Information is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue.

As disclosed in Note 27, the Company was converted into a joint stock limited liability company and issued 27,181,724 shares with the par value of RMB1 each in December 2025. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2023, at the conversion ratio established in the exchange in December 2025.

*(i) Loss for the year/period attributable to ordinary equity shareholders of the Company*

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Loss for the year/period attributable to all equity shareholders of the Company	(308,273)	(216,281)	(156,226)	(2,277)
Allocation of loss for the year/period attributable to ordinary shares with redemption rights ( <i>Note 22</i> )	<u>135,732</u>	<u>95,855</u>	<u>69,239</u>	<u>1,009</u>
Loss for the year/period attributable to ordinary equity shareholders of the Company	(172,541)	(120,426)	(86,987)	(1,268)

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(ii) *Weighted average number of ordinary shares deemed to be in issue*

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	'000	'000	'000	'000
			(Unaudited)	(Unaudited)
Ordinary shares deemed to be in issue at 1 January	25,932	27,182	27,182	27,182
Effect of ordinary shares deemed to be issued	1,109	—	—	—
Effect of ordinary shares with redemption rights ( <i>Note 22</i> )	<u>(11,906)</u>	<u>(12,047)</u>	<u>(12,047)</u>	<u>(12,047)</u>
Weighted average number of ordinary shares deemed to be in issue at 31 December/ 30 September	15,135	15,135	15,135	15,135

**(b) Diluted loss per share**

Ordinary shares with redemption rights issued to investors (*Note 22*) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share for the respective years/periods.

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**11 PROPERTY, PLANT AND EQUIPMENT**

	Equipment and machinery <i>RMB'000</i>	Office equipment and furniture <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost:</b>					
At 1 January 2023	64,829	525	1,311	2,830	69,495
Additions	6,233	131	18,696	1,204	26,264
Transfer	601	—	(7,624)	7,023	—
Disposals	(878)	—	—	(67)	(945)
At 31 December 2023 and 1 January 2024	70,785	656	12,383	10,990	94,814
Additions	7,024	14	23,834	—	30,872
Transfer	34,615	—	(35,270)	377	(278)
Disposals	(400)	—	—	—	(400)
At 31 December 2024 and 1 January 2025	112,024	670	947	11,367	125,008
Additions	591	—	8,379	472	9,442
Transfer	1,178	—	(1,178)	—	—
Disposals	(53)	—	—	—	(53)
At 30 September 2025 (unaudited)	113,740	670	8,148	11,839	134,397
<b>Accumulated depreciation:</b>					
At 1 January 2023	(36,112)	(447)	—	(746)	(37,305)
Charge for the year	(15,357)	(41)	—	(3,045)	(18,443)
Written back on disposals	878	—	—	49	927
At 31 December 2023 and 1 January 2024	(50,591)	(488)	—	(3,742)	(54,821)
Charge for the year	(13,822)	(49)	—	(4,130)	(18,001)
Written back on disposals	400	—	—	—	400
At 31 December 2024 1 January 2025	(64,013)	(537)	—	(7,872)	(72,422)
Charge for the period	(12,710)	(35)	—	(2,551)	(15,296)
Written back on disposals	50	—	—	—	50
At 30 September 2025 (unaudited)	(76,673)	(572)	—	(10,423)	(87,668)
<b>Net book value:</b>					
At 31 December 2023	20,194	168	12,383	7,248	39,993
At 31 December 2024	48,011	133	947	3,495	52,586
At 30 September 2025 (unaudited)	37,067	98	8,148	1,416	46,729

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**12 RIGHT-OF-USE ASSETS**

	<b>Properties leased for own use carried at cost (a) RMB'000</b>
<b>Cost:</b>	
At 1 January 2023	17,744
Additions	1,108
Disposals	<u>(1,305)</u>
At 31 December 2023 and 1 January 2024	17,547
Additions	12,563
Disposals	<u>(16,453)</u>
At 31 December 2024 and 1 January 2025	13,657
Additions	<u>1,582</u>
At 30 September 2025 (unaudited)	<u>15,239</u>
<b>Accumulated depreciation:</b>	
At 1 January 2023	(7,751)
Charge for the year	(5,909)
Written back on disposals	<u>1,107</u>
At 31 December 2023 and 1 January 2024	(12,553)
Charge for the year	(6,053)
Written back on disposals	<u>16,453</u>
At 31 December 2024 and 1 January 2025	(2,153)
Charge for the period	<u>(3,260)</u>
At 30 September 2025 (unaudited)	<u><u>(5,413)</u></u>
<b>Net book value:</b>	
At 31 December 2023	<u><u>4,994</u></u>
At 31 December 2024	<u><u>11,504</u></u>
At 30 September 2025 (unaudited)	<u><u>9,826</u></u>

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The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 31 December		At 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets by class of underlying asset:				
— Properties leased for own use	<u>5,909</u>	<u>6,053</u>	<u>4,747</u>	<u>3,260</u>
Interest on lease liabilities ( <i>Note 6(a)</i> )	341	212	73	362
Net gain of termination of lease	96	13	—	—
Expense relating to short-term leases	7	34	14	67

During the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, additions to right-of-use assets of the Group were RMB1,108,000, RMB12,563,000, and RMB1,582,000 (unaudited) respectively. This amount was primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases are set out in Notes 18(d), 21 and 25(b), respectively.

**(a) Properties leased for own use**

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 4 years.

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**13 INTANGIBLE ASSETS**

	<b>Intellectual properties RMB'000</b>	<b>Patents RMB'000</b>	<b>Software RMB'000</b>	<b>Total RMB'000</b>
<b>Cost:</b>				
At 1 January 2023	37,824	447	5,335	43,606
Additions	<u>11,344</u>	<u>—</u>	<u>2,607</u>	<u>13,951</u>
At 31 December 2023 and 1 January 2024	49,168	447	7,942	57,557
Additions	8,711	—	6,359	15,070
Transfer	<u>—</u>	<u>—</u>	<u>278</u>	<u>278</u>
At 31 December 2024 and 1 January 2025	57,879	447	14,579	72,905
Additions	<u>—</u>	<u>300</u>	<u>172</u>	<u>472</u>
At 30 September 2025 (unaudited)	<u>57,879</u>	<u>747</u>	<u>14,751</u>	<u>73,377</u>
<b>Accumulated amortisation:</b>				
At 1 January 2023	(15,158)	(92)	(3,773)	(19,023)
Charge for the year	<u>(5,667)</u>	<u>(45)</u>	<u>(1,434)</u>	<u>(7,146)</u>
At 31 December 2023 and 1 January 2024	(20,825)	(137)	(5,207)	(26,169)
Charge for the year	<u>(7,226)</u>	<u>(45)</u>	<u>(1,901)</u>	<u>(9,172)</u>
At 31 December 2024 and 1 January 2025	(28,051)	(182)	(7,108)	(35,341)
Charge for the period	<u>(6,332)</u>	<u>(39)</u>	<u>(1,588)</u>	<u>(7,959)</u>
At 30 September 2025 (unaudited)	<u>(34,383)</u>	<u>(221)</u>	<u>(8,696)</u>	<u>(43,300)</u>
<b>Net book value:</b>				
At 31 December 2023	<u>28,343</u>	<u>310</u>	<u>2,735</u>	<u>31,388</u>
At 31 December 2024	<u>29,828</u>	<u>265</u>	<u>7,471</u>	<u>37,564</u>
At 30 September 2025 (unaudited)	<u>23,496</u>	<u>526</u>	<u>6,055</u>	<u>30,077</u>

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**14 OTHER NON-CURRENT ASSETS**

	<b>At 31 December</b>		<b>At 30 September</b>	
	<b>2023</b>	<b>2024</b>	<b>2025</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	(Unaudited)
Prepayments for property, plant and equipment	425	—	—	
Rental deposits	2,206	1,969	2,027	
	<u>2,631</u>	<u>1,969</u>	<u>2,027</u>	

**15 INVESTMENTS IN SUBSIDIARIES**

**The Company**

	<b>At 31 December</b>		<b>At 30 September</b>	
	<b>2023</b>	<b>2024</b>	<b>2025</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	(Unaudited)
Investment in subsidiaries, at cost	<u>11,072</u>	<u>11,072</u>	<u>11,072</u>	

Details of the subsidiaries are set out in Note 1.

**16 INVENTORIES**

**(a) Inventories in the statements of financial position comprise:**

	<b>At 31 December</b>		<b>At 30 September</b>	
	<b>2023</b>	<b>2024</b>	<b>2025</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	(Unaudited)
Raw materials	29,119	43,959	70,622	
Semi-finished products and WIP	1,178	7,098	14,012	
Finished products	21,325	18,688	24,730	
	<u>51,622</u>	<u>69,745</u>	<u>109,364</u>	

**(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:**

	<b>At 31 December</b>		<b>At 30 September</b>	
	<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	(Unaudited)
Carrying amount of inventories used	78,682	285,238	222,720	181,195
Write-down of inventories	14,342	16,996	11,679	7,831
	<u>93,024</u>	<u>302,234</u>	<u>234,399</u>	<u>189,026</u>

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**17 TRADE AND OTHER RECEIVABLES**

**The Group**

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)
Trade receivables, net of loss allowance	12,846	12,898	15,818
Prepayments	42,030	47,867	95,346
Value-Added Tax (“VAT”) recoverable	125	1,389	—
Tax refund receivables	—	—	3,114
Other receivables and deposits, net of loss allowance	59	70	70
	<u>55,060</u>	<u>62,224</u>	<u>114,348</u>

**The Company**

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)
Trade receivables, net of loss allowance	12,940	12,556	17,371
Prepayments	42,001	42,899	95,280
VAT recoverable	125	791	—
Tax refund receivables	—	—	3,114
Other receivables — deposits and others, net of loss allowance	38	50	49
Other receivables — amounts due from subsidiaries	137,135	63,088	180,054
	<u>192,239</u>	<u>119,384</u>	<u>295,868</u>

All of trade and other receivables of the Group are due from third parties and are expected to be recovered or recognised as expenses within one year.

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)
Within 6 months	9,911	12,326	12,734
Over 6 months but less than 1 year	2,024	173	2,880
Over 1 year but less than 2 years	911	399	204
	<u>12,846</u>	<u>12,898</u>	<u>15,818</u>

Details on the Group’s credit policy and credit risk arising from trade receivables are set out in Note 25(a).

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**18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION**

**(a) Cash and cash equivalents:**

*The Group*

	<b>At 31 December 2023</b>	<b>2024</b>	<b>At 30 September 2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Cash at bank and in hand	<u>93,255</u>	<u>149,120</u>	<u>101,837</u>

*The Company*

	<b>At 31 December 2023</b>	<b>2024</b>	<b>At 30 September 2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Cash at bank and in hand	<u>87,672</u>	<u>134,718</u>	<u>29,560</u>

**(b) Reconciliation of loss before taxation to cash generated from operations:**

	<b>Year ended 31 December</b>		<b>At 30 September</b>	
	<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	(Unaudited)
<b>Loss before taxation</b>	(308,273)	(216,249)	(156,226)	(2,260)
Adjustments for:				
— Depreciation of property, plant and equipment	<i>6(c)</i>	18,443	18,001	12,935
— Depreciation of right-of-use assets	<i>6(c)</i>	5,909	6,053	4,747
— Amortisation of intangible assets	<i>6(c)</i>	7,146	9,172	6,765
— Net (gain)/loss on disposal of property, plant and equipment	<i>5</i>	(7)	—	2
— Write-down of inventories	<i>16(b)</i>	14,342	16,996	11,679
— Net realised gains on financial assets measured at FVPL	<i>5</i>	(2,714)	(38)	—
— Net foreign exchange loss/(gain)	<i>5</i>	26	(292)	(50)
— Net gain on derecognition of leases		(96)	(13)	—
— Finance costs	<i>6(a)</i>	85,894	128,763	111,159
— Impairment losses (reversal)/recognised on trade receivables		(1,714)	(1,053)	(426)
— Equity-settled share-based transactions		37,954	79,495	36,371
Changes in working capital:				
Increase in inventories		(5,634)	(35,119)	(36,657)
Increase in trade and other receivables		(171)	(5,904)	(10,805)
Decrease/(increase) in other non-current assets		5,265	662	2,631
Increase/(decrease) in trade and other payables		<u>1,169</u>	<u>44,979</u>	<u>21,606</u>
Cash (used in)/generated from operations		<u>(142,461)</u>	<u>45,453</u>	<u>3,691</u>
			<u>3,691</u>	<u>(40,457)</u>

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(c) **Reconciliation of liabilities arising from financing activities:**

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s cash flow statement as cash flows from financing activities.

	<b>Loans and borrowings</b>	<b>Lease liabilities</b>	<b>Redemption liabilities</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Note 20)</i>	<i>(Note 21)</i>	<i>(Note 22)</i>	
<b>At 1 January 2023</b>	—	10,863	1,166,920	1,177,783
<b>Changes from financing cash flows:</b>				
Capital element of lease rentals paid	—	(6,279)	—	(6,279)
Interest element of lease rentals paid	—	(341)	—	(341)
Total changes from financing cash flows	—	(6,620)	—	(6,620)
<b>Other changes:</b>				
Decrease in trade and other payables	—	—	135,000	135,000
Increase in lease liabilities from entering into new leases during the year <i>(Note 12)</i>	—	1,108	—	1,108
Termination of leases	—	(294)	—	(294)
Changes in the carrying amount of redemption liabilities <i>(Note 22)</i>	—	—	85,553	85,553
Interest expenses <i>(Note 6(a))</i>	—	341	—	341
Total other changes	—	1,155	220,553	221,708
<b>At 31 December 2023</b>	—	5,398	1,387,473	1,392,871
	<b>Loans and borrowings</b>	<b>Lease liabilities</b>	<b>Redemption liabilities</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Note 20)</i>	<i>(Note 21)</i>	<i>(Note 22)</i>	
<b>At 1 January 2024</b>	—	5,398	1,387,473	1,392,871
<b>Changes from financing cash flows:</b>				
Proceeds from loans and borrowings	82,663	—	—	82,663
Repayment of loans and borrowings	(23,000)	—	—	(23,000)
Interest of loans and borrowings paid	(853)	—	—	(853)
Capital element of lease rentals paid	—	(6,628)	—	(6,628)
Interest element of lease rentals paid	—	(212)	—	(212)
Total changes from financing cash flows	58,810	(6,840)	—	51,970
<b>Other changes:</b>				
Increase in lease liabilities from entering into new leases during the year	—	12,550	—	12,550
Termination of leases	—	(13)	—	(13)
Changes in the carrying amount of redemption liabilities <i>(Note 22)</i>	—	—	127,634	127,634
Interest expenses <i>(Note 6(a))</i>	917	212	—	1,129
Total other changes	917	12,749	127,634	141,300
<b>At 31 December 2024</b>	59,727	11,307	1,515,107	1,586,141

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	<b>Loans and borrowings</b>	<b>Lease liabilities</b>	<b>Redemption liabilities</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Note 20)</i>	<i>(Note 21)</i>	<i>(Note 22)</i>	
<b>At 1 January 2025</b>	59,727	11,307	1,515,107	1,586,141
<b>Changes from financing cash flows:</b>				
Proceeds from loans and borrowings	80,000	—	—	80,000
Repayment of loans and borrowings	(69,663)	—	—	(69,663)
Interest of loans and borrowings paid	(1,650)	—	—	(1,650)
Capital element of lease rentals paid	—	(2,791)	—	(2,791)
Interest element of lease rentals paid	—	(362)	—	(362)
Total changes from financing cash flows	8,687	(3,153)	—	5,534
<b>Other changes:</b>				
Increase in lease liabilities from entering into new leases during the period <i>(Note 12)</i>	—	1,582	—	1,582
Changes in the carrying amount of redemption liabilities <i>(Note 22)</i>	—	—	51,085	51,085
Interest expenses <i>(Note 6(a))</i>	1,638	362	—	2,000
Total other changes	1,638	1,944	51,085	54,667
<b>At 30 September 2025 (unaudited)</b>	<b>70,052</b>	<b>10,098</b>	<b>1,566,192</b>	<b>1,646,342</b>

**(d) Total cash outflow for leases**

Amounts included in the cash flow statement for leases comprise the following:

	<b>At 31 December</b>		<b>At 30 September</b>	
	<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)	(Unaudited)
Within operating cash flows	7	34	14	67
Within financing cash flows	6,620	6,840	5,366	3,153
	<b>6,627</b>	<b>6,874</b>	<b>5,380</b>	<b>3,220</b>

These amounts are related to lease rentals paid.

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**19 TRADE AND OTHER PAYABLES**

**The Group**

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Trade payables	18,007	17,250	14,166
Accrued payroll	9,475	8,809	12,818
Other tax payables	1,496	2,743	6,094
Other payables and accruals	5,075	3,859	2,196
Governments grants received with conditions (i)	4,050	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	2,545
Contract liabilities (ii)	<u>26,514</u>	<u>62,549</u>	<u>35,922</u>
	<u>65,437</u>	<u>114,693</u>	<u>88,159</u>

**The Company**

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Trade payable amount due to third parties	16,573	14,524	12,138
Trade payable amount due to subsidiaries	99,537	20,306	33,461
Accrued payroll	576	4,669	6,718
Other tax payables	117	1,370	5,558
Other payables and accruals	3,479	2,643	1,340
Governments grants received with conditions (i)	4,050	14,418	14,418
Payables for purchase of property, plant and equipment and intangible assets	820	5,065	2,545
Contract liabilities (ii)	<u>25,143</u>	<u>56,741</u>	<u>32,732</u>
	<u>150,295</u>	<u>119,736</u>	<u>108,910</u>

- (i) The government grants recognised in trade and other payables mainly represent the grants received with certain requirements to be met in a specified region.

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(ii) Contract liabilities

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
At the beginning of the year/period	14,725	26,514	62,549
Net increase in contract liabilities during the year/period	15,341	48,023	34,575
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	<u>(3,552)</u>	<u>(11,988)</u>	<u>(61,202)</u>
Balance at the end of the year/period	<u><u>26,514</u></u>	<u><u>62,549</u></u>	<u><u>35,922</u></u>

The contract liabilities are expected to be recognised as revenue within one year.

As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

*The Group*

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Within 1 year	12,153	11,005	8,218
Over 1 year but less than 2 years	1,783	898	1,154
Over 2 years but less than 3 years	3,593	1,286	319
Over 3 years	<u>478</u>	<u>4,061</u>	<u>4,475</u>
	<u><u>18,007</u></u>	<u><u>17,250</u></u>	<u><u>14,166</u></u>

**20 LOANS AND BORROWINGS**

**The Group**

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Guaranteed bank loans (i)	<u>—</u>	<u>59,727</u>	<u>70,052</u>

**The Company**

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Guaranteed bank loans (i)	<u>—</u>	<u>30,033</u>	<u>70,052</u>

(i) Loans and borrowings were repayable within 1 year and were guaranteed by related parties (see Note 26(a)) as at 31 December 2024 and 30 September 2025.

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**21 LEASE LIABILITIES**

As of the end of each reporting period, the lease liabilities were repayable as follows:

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Within 1 year	<u>5,398</u>	<u>4,064</u>	<u>4,664</u>
After 1 year but within 2 years	—	4,207	4,890
After 2 years but within 5 years	<u>—</u>	<u>3,036</u>	<u>544</u>
	<u>—</u>	<u>7,243</u>	<u>5,434</u>
	<u>5,398</u>	<u>11,307</u>	<u>10,098</u>

**22 REDEMPTION LIABILITIES**

**Redemption rights**

The Company conducted several series of financing by issuing registered capital to investors before and during the Track Record Period and the period covered by the Interim Financial Information. Pursuant to the agreements signed between the Company and the investors, certain investors were granted the right to require the Company to redeem their paid-in capital upon the occurrence of specified events, with the main conditions being: (i) a qualified [REDACTED] does not occur before a specified date; (ii) a material breach on the agreements by the Company or the founders, of any of their representations, warranties or undertakings under the agreements; and (iii) a change in the actual controllers of the Company.

The redemption price of the shares shall equal to the higher amount of (i) the aggregate of the original issue price plus an amount accruing annually at 8% or 10% of the original issue price per annum minus all accumulated distributed dividends; or (ii) the fair market price of the original issue shares at the date of the redemption.

**Distribution upon occurrence of deemed liquidation events**

Upon the occurrence of any deemed liquidation events, including a consolidation or merger of the Company in which the investors prior thereto will not retain a majority of the voting power of the Company immediately thereafter, i.e. a change of control, a sale of substantially part of the Company's assets or business, the preferential investors shall be entitled to a distribution at the original investment amount in order of priority. The remaining assets of the Company, after allowing the distribution at the original investment amount, shall then be distributed to the preferential investors on a pro-rata basis among all shareholders.

**Presentation and classification**

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liabilities arising from the remeasurement of the redemption amount is recognised in profit or loss. The related redemption options have been conditionally terminated before the submission of [REDACTED] to the HKSE. Upon the qualified [REDACTED] of the Company's shares on the HKSE, the related redemption options would be unconditionally terminated and the carrying amount of the redemption liabilities will be reclassified to equity.

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The movements of redemption liabilities during the Track Record Period and the period covered by the Interim Financial Information are as follows:

*The Group and the Company*

	Year ended 31 December		At 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
At the beginning of the year/period	1,166,920	1,387,473	1,515,107
Grant of redemption right upon issuance of registered capital	135,000	—	—
Changes in the carrying amount of redemption liabilities	<u>85,553</u>	<u>127,634</u>	<u>51,085</u>
At the end of the year/period	<u>1,387,473</u>	<u>1,515,107</u>	<u>1,566,192</u>

The fair market value of the shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer. The Company used discounted cash flow method to determine the total share value of the Company and applied the equity allocation model to determine the fair market value of the shares of relevant series at the end of each reporting period upon redemption.

Key valuation assumptions used to determine the fair market value of the shares are as follows:

	Year ended 31 December		At 30 September
	2023	2024	2025
			(Unaudited)
Risk-free rate	2.3%	1.1%	1.4%
Volatility	50.1%	54.3%	57.1%

**23 EQUITY-SETTLED SHARE-BASED TRANSACTIONS**

**Restricted Share Incentive Plans**

In 2019, the Group adopted a share incentive plan (the "Plan"). The participant of the Plan invested in the Company by the way of acquiring registered capital of the Company through employee shareholding platforms (the "Platforms").

The vesting period consists of the following scenarios: (i) The restricted shares shall vest when the service period from grant date to 31 December 2020 were fulfilled. (ii) The restricted shares shall vest after three years since the completion of [REDACTED]. (iii) The restricted shares shall vest immediately after grant without service conditions to be met.

In October 2024, the vesting schedule of the restricted shares granted to certain employees which subject to vesting period of three years since the completion of [REDACTED], were modified to vest in October 2024.

If employments relationship of the grantees is terminated before the restricted shares become vested, these grantees have to transfer out their equity interests to the person designed by the general partner of the Platforms at the initial purchase price paid by the grantees plus interest calculated based on a fixed rate.

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(i) The number of restricted shares to the Group's incentive employees is summarised as follows:

	<b>At 31 December</b>		<b>At 30 September</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>Number of</i>	<i>Number of</i>	<i>Number of</i>
	<i>restricted shares</i>	<i>restricted shares</i>	<i>restricted shares</i>
			(Unaudited)
Outstanding as at the beginning of the year/period	1,035,810	1,760,024	176,826
Granted	1,402,230	632,122	—
Vested	(611,589)	(2,102,270)	—
Forfeited	(66,427)	(113,050)	(176,826)
	<u>1,760,024</u>	<u>176,826</u>	<u>—</u>
Outstanding as at the end of the year/period	<u>1,760,024</u>	<u>176,826</u>	<u>—</u>

(ii) *Fair value of restricted shares*

The fair value of services received in return for restricted shares is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the newly granted restricted shares is measured based on an equity allocation model.

<b>Fair value of restricted shares</b>	<b>Year ended 31 December</b>		<b>Period ended</b>
	<b>2023</b>	<b>2024</b>	<b>30 September</b>
			<b>2025</b>
			(Unaudited)
Fair value at grant date	RMB49.08 to RMB51.81	RMB51.81 to RMB59.07	N/A
Subscription price	RMB1.54 to RMB1.63	RMB1.54 to RMB1.63	N/A
Expected dividend yield	0%	0%	N/A



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**(b) Dividends**

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period and the period covered by the Interim Financial Information.

**(c) Paid-in capital**

	<b>Total</b> <i>RMB’000</i>
<b>Balance at 1 January 2023</b>	25,932
Capital contribution by investors	<u>1,250</u>
<b>Balance at 31 December 2023 and 2024, 30 September 2025 (unaudited)</b>	<u><u>27,182</u></u>

**(d) Nature and purpose of reserves**

*(iii) Capital reserve*

The capital reserve mainly comprises the following:

- amounts in relation to grant of redemption right upon issuance of registered capital (see Note 22);
- the excess of the net contributions from the investors of the Company over the total paid-in capital issued.
- the portion of the grant date fair value of restricted shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(p)(ii).

*(iv) Exchange reserve*

- The exchange reserve mainly comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

*(v) PRC statutory reserve*

- Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity shareholders.
- For the entity concerned, statutory reserves can be used to make good previous years’ losses, if any, and may be converted into capital in proportion to the existing equity interests of equity shareholders, provided that the balance of the reserve after such conversion is not less than 25% of the entity’s registered capital.

**(e) Capital management**

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

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**25 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables.

The Group's exposure to credit risk arising from cash and cash equivalents and time deposits is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

*Trade receivables*

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at 31 December 2023 and 2024 and 30 September 2025 represented 53%, 57%, and 55% (unaudited) of the total trade receivables respectively, while 14%, 16%, and 15% (unaudited) of the total trade receivables were due from the largest single customer respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	<b>Expected loss rate</b>	<b>2023 Gross carrying amount</b>	<b>Loss allowance</b>
	%	RMB'000	RMB'000
Within 6 months	1%	10,011	100
Over 6 months but less than 1 year	5%	2,132	108
Over 1 year but less than 2 years	25%	1,215	304
Over 2 years but less than 3 years	100%	813	813
		14,171	1,325
Provision on individual basis for certain customers		4,618	4,618
	Total	18,789	5,943

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	<b>2024</b>		
	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
	%	RMB'000	RMB'000
Within 6 months	1%	12,451	125
Over 6 months but less than 1 year	5%	182	9
Over 1 year but less than 2 years	25%	532	133
Over 2 years but less than 3 years	100%	<u>5</u>	<u>5</u>
		13,170	272
Provision on individual basis for certain customers		<u>4,618</u>	<u>4,618</u>
<b>Total</b>		<b><u>17,788</u></b>	<b><u>4,890</u></b>

**As at 30 September 2025 (Unaudited)**

	<b>Expected loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>
	%	RMB'000	RMB'000
Within 6 months	1%	12,863	129
Over 6 months but less than 1 year	5%	3,032	152
Over 1 year but less than 2 years	25%	272	68
Over 2 years but less than 3 years	100%	<u>47</u>	<u>47</u>
		16,214	396
Provision on individual basis for certain customers		<u>4,618</u>	<u>4,618</u>
<b>Total</b>		<b><u>20,832</u></b>	<b><u>5,014</u></b>

Expected loss rates are based on actual loss experience over the past 24 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period and the period covered by the Interim Financial Information is as follows:

	<b>Year ended 31 December</b>		<b>Nine months ended</b>
	<b>2023</b>	<b>2024</b>	<b>30 September</b>
	RMB'000	RMB'000	RMB'000
			(Unaudited)
Balance at 1 January	7,657	5,943	4,890
Impairment losses (reversal)/recognised during the year/period	<u>(1,714)</u>	<u>(1,053)</u>	<u>124</u>
	<b><u>5,943</u></b>	<b><u>4,890</u></b>	<b><u>5,014</u></b>

*Other receivables and deposits*

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes rental deposits.

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The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for other receivables and deposits as at 31 December 2023, 2024 and 30 September 2025.

**(b) Liquidity risk**

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	At 31 December 2023					Balance sheet carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and other payables	65,437	—	—	—	65,437	65,437
Lease liabilities	5,411	—	—	—	5,411	5,398
Redemption liabilities	1,387,473	—	—	—	1,387,473	1,387,473
	<u>1,458,321</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,458,321</u>	<u>1,458,308</u>

	At 31 December 2024					Balance sheet carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Loans and borrowings	60,810	—	—	—	60,810	59,727
Trade and other payables	114,693	—	—	—	114,693	114,693
Lease liabilities	4,505	4,452	3,101	—	12,058	11,307
Redemption liabilities	1,515,107	—	—	—	1,515,107	1,515,107
	<u>1,695,115</u>	<u>4,452</u>	<u>3,101</u>	<u>—</u>	<u>1,702,668</u>	<u>1,700,834</u>

	At 30 September 2025 (Unaudited)					Balance sheet carrying amount RMB'000 (Unaudited)
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
Loans and borrowings	70,921	—	—	—	70,921	70,052
Trade and other payables	88,159	—	—	—	88,159	88,159
Lease liabilities	5,013	5,013	392	—	10,418	10,098
Redemption liabilities	1,566,192	—	—	—	1,566,192	1,566,192
	<u>1,730,285</u>	<u>5,013</u>	<u>392</u>	<u>—</u>	<u>1,735,690</u>	<u>1,734,501</u>

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**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at bank. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 30 September 2025 primarily are the cash at bank, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

The Group's interest rate profile as monitored by management is set out below.

The Group's interest-bearing borrowings, lease liabilities, cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	At 31 December				At 30 September	
	2023		2024		2025	
	<i>Effective interest rate</i>	<i>RMB'000</i>	<i>Effective interest rate</i>	<i>RMB'000</i>	<i>Effective interest rate</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
<b>Fixed rate instruments</b>						
Loans and borrowings	—	—	3.45%–4.35%	(59,727)	2.70%–2.90%	(70,052)
Lease liabilities	4.75%	<u>(5,398)</u>	4.75%	<u>(11,307)</u>	4.75%	<u>(10,098)</u>
		<u>(5,398)</u>		<u>(71,034)</u>		<u>(80,150)</u>
<b>Variable rate instruments</b>						
Cash and cash equivalents	0.05%–2.00%	<u>93,255</u>	0.05%–0.20%	<u>149,120</u>	0.05%–0.20%	<u>101,837</u>

*(i) Sensitivity analysis*

At 31 December 2023 and 2024 and September 2025, it is estimated that a general increase/(decrease) of 100 basis points in interest rates, with all other variables held constant, would have (decrease)/increase in the Group's loss after tax and accumulated losses as follows.

	Increase/(decrease) in basis points	(Decrease)/increase in loss after tax for the year/period <i>RMB'000</i>	(Decrease)/increase in accumulated losses for the year/ period <i>RMB'000</i>
<b>At 31 December 2023</b>			
Basis points	100	(933)	(933)
Basis points	(100)	933	933
<b>At 31 December 2024</b>			
Basis points	100	(1,491)	(1,491)
Basis points	(100)	1,491	1,491
<b>At 30 September 2025 (unaudited)</b>			
Basis points	100	(764)	(764)
Basis points	(100)	764	764

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(d) **Currency risk**

The Group is exposed to currency risk primarily through purchases and sales which give rise to payables, receivables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars.

	<b>Exposure to foreign currencies</b>		
	<b>At 31 December</b>	<b>As at 30 September</b>	
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>USD</i>	<i>USD</i>	<i>USD</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)
Cash and cash equivalents	992	17,697	5,663
Trade and other receivables	101	4,461	473
Trade and other payables	(1,431)	(3,582)	(2,453)
	<u>(338)</u>	<u>18,576</u>	<u>3,683</u>

(i) *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's loss after tax and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	<b>Increase/(decrease) in foreign exchange rates</b>	<b>(Decrease)/increase in loss after tax and accumulated losses <i>RMB'000</i></b>
<b>At 31 December 2023</b>		
US\$ (against RMB)	5%	17
	-5%	(17)
<b>At 31 December 2024</b>		
US\$ (against RMB)	5%	(929)
	-5%	929
<b>At 30 September 2025</b>		
US\$ (against RMB)	5%	(184)
	-5%	184

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(e) **Fair value measurement**

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

Information about Level 3 fair value measurements

The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

There was no balance of financial instruments measured at fair value held by the Group as at 31 December 2023, 2024 and 30 September 2025.

The movement during the year in the balance of these Level 3 fair value measurements are as follows:

	For the year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
At the beginning of the year/period	—	—	—	—
Purchase	700,000	10,000	10,000	—
Changes in fair value recognised in profit or loss during the year (Note 5)	2,714	38	38	—
Redemption	(702,714)	(10,038)	(10,038)	—
At the end of the year/period	—	—	—	—

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(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 30 September 2025.

**26 MATERIAL RELATED PARTY TRANSACTIONS**

Names and relationship of the related parties that had material transactions with the Group during the Track Record Period and the period covered by the Interim Financial Information are disclosed as following:

Name of party	Relationship
Yao Haiping* 姚海平	Shareholder of the Company and key management of the Group
Zhong Qi* 鍾琪	Shareholder of the Company and key management of the Group
Shen Bo* 沈泊	Shareholder of the Company and key management of the Group

\* During the Track Record Period and the period covered by the Interim Financial Information, Yao Haiping, Zhong Qi, Shen Bo have acted in concert with each other.

**(a) Guarantees issued by related parties**

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	
<b>Guarantees issued by related parties in respect of loans and borrowings borrowed by the Group:</b>				
Yao Haiping	—	30,033		70,052
Yao Haiping, Zhong Qi, Shen Bo	—	29,694		—
	—	59,727		70,052

**(b) Key management personnel remuneration**

Remuneration for key management personnel of the Group, including amounts paid to the Group’s directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Salaries, wages and other benefits	4,838	5,030	3,780	3,815
Discretionary bonuses	819	390	276	293
Contributions to defined contribution retirement plan	274	282	211	213
Equity-settled share-based payment expenses	30,687	30,073	30,073	—
	36,618	35,775	34,340	4,321

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### 27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) In December 2025, the Company was converted into a joint stock limited company under the Company Law of the PRC. Upon the completion of the conversion, the 27,181,724 shares with a nominal value of RMB1 each were subscribed by all the then shareholders in proportion to their respective equity interest in the Company before the conversion.
- (ii) In December 2025, the Company completed the Series C financing and issued 3,704,494 shares to the investors for a consideration of RMB400 million.

### 28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD AND THE PERIOD COVERED BY THE INTERIM FINANCIAL INFORMATION

Up to the date of this report, the HKICPA has issued a number of new or amended standards, which are not yet effective for the Track Record Period and the period covered by the Interim Financial Information and which have not been adopted in preparing the Historical Financial Information. These developments include the followings:

	<b>Effective for accounting periods beginning on or after</b>
<i>Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
<i>Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
<i>Annual improvements to HKFRS Accounting Standards — Volume 11</i>	1 January 2026
<i>HKFRS 18, Presentation and disclosure in financial statements</i>	1 January 2027
<i>HKFRS 19, Subsidiaries without public accountability: disclosures</i>	1 January 2027
<i>Amendments to HKAS 21, Translation to a hyperinflationary presentation currency</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

#### **HKFRS 18, Presentation and disclosure in financial statements**

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18. HKFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

#### *Subsequent financial statements*

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2025.